

Annual Report and Financial Statements

PE QIQ Holding Limited

Registration number: 10866567

For the period ended 25 December 2021

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PE QIQ Holding Limited
For the period ended 25 December 2021

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Company Information

Directors	I Downie E Kalawski M Sigler
Company Secretary	E Kalawski
Registered Number	10866567
Registered Office	100 New Bridge Street London EC4V 6JA
Independent Auditor	Ernst & Young LLP 1 More London Place London SE1 2AF

PE QIQ Holding Limited
Strategic Report
For the period ended 25 December 2021

Introduction

The directors present their strategic report for PE QIQ Holding Limited (the Company), for the period from 27 December 2020 to 25 December 2021. The comparative period was from 29 December 2019 to 26 December 2020.

Business review

The principal activity of the Company was that of a holding company. The principal activity of the Company and its subsidiaries (the Group) was the distribution and sale of goods and services for the office, in Australia and New Zealand.

Financial key performance indicators

The key financial and other performance indicators during the period were as follows:

	2021 \$000	2020 \$000
Revenue	947,140	1,001,415
Gross profit	313,731	317,764
Loss for the period	(16,494)	(22,825)

Management discussion and analysis

Revenue of the Group was \$947,140,000 (2020: \$1,001,415,000) and cost of sales \$633,409,000 (2020: \$683,651,000).

Principal decisions

We define principal decisions as both those that are material to the Group, but also those that are significant to any of our key stakeholder groups. In making the following principal decisions, the Board considered the outcome from its stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members of the company.

Principal Decision: Strategic direction of the company

The Chief Executive Officer (CEO) works with the Group's investors to set the strategic direction of the company. The strategic direction of the Group is regularly reviewed in light of the changing environment. The strategic direction drives the decision making throughout the Group as well as the annual objectives of the Group. These annual objectives are agreed with the investors at the start of every year.

PE IQI Holding Limited
Strategic Report
For the period ended 25 December 2021

Stakeholder engagement

This section of the Strategic Report describes how the directors have had regard to the matters set out in section 172(1). The below table sets out the key stakeholders of the Group and how we engage with them.

Who are our stakeholders	Why we focus on these stakeholders	How do we engage with them	What do they tell us	How do we respond to them
Customers	Our customers are central to our business – without them, we would not exist	We engage with our customers in a number of ways, from face to face and virtual interactions to our online ordering system	They tell us what products and services they want, what we are doing well and how we are not meeting their needs	We adjust our product and service offerings based on customer feedback
Suppliers	Our suppliers are key in ensuring we meet the needs of our customers and provide them with quality products at competitive prices	We engage with our suppliers in a number of ways, from face to face and virtual interactions to emails and phone calls. We work closely with our strategic suppliers to ensure reliable supply to our customers	How they work well with us and where it doesn't work so well, how we can work better together. They keep us up to date with new products and changes in the supply chains	The information we get from our suppliers inform the decisions we make regarding our supply chain
Colleagues	Our people are critical to the business achieving its full potential	We interact with our colleagues in a safe, welcoming and diverse workplace. Provide a fast and dynamic way to keep everyone included and up to date. We conduct employee surveys and have town halls at various levels to inform and seek feedback	What they are happy with in the workplace – physical and virtual, what can be improved and how. They let us know what their concerns are and exchange ideas on how things can be done differently	Initiatives to make the workplace somewhere we can contribute productively to the success of the business but also create positive economic and social change in the broader community. For example, more learning and development opportunities are provided and several social responsibility initiatives launched
Investors	Delivering to our investors ensures that the business continues to be successful in the long term	Our investors interact with us on various levels – from decision making at a strategic level to regular communication on an operational level	Discussions with our investors included: <ul style="list-style-type: none"> • Drivers of sustainable improvement in Group returns • The macro economic environment and headwinds to the delivery of our strategy and targets • Opportunities to drive efficiencies in the Group's operations 	Adjustments to our strategic goals are made as a result of our discussions with our investors

Principal risks and uncertainties

The principal risks and uncertainties facing the Group are broadly grouped as competitive/technological risks and financial instrument risks.

Competitive/technological risks

The Group's sales and distribution activities are exposed to the risk of competitive pressure, as customers 'shop around' through digital channels to quickly compare product. To limit the impact of this customer behaviour, and also to limit its exposure to the decline in traditional stationery categories, the Group continues to diversify its product offering and invest in its services offerings.

PE QIQ Holding Limited
Strategic Report
For the period ended 25 December 2021

Financial instrument risks

The Group's activities expose it to a number of financial risks including liquidity risk, interest rate risk, credit risk, and foreign currency risk.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses long-term debt finance.

Interest rate risk

The Group is exposed to interest rate risk on its outstanding borrowings from the possibility that changes in interest rates will affect future cash flows or the fair value of fixed interest rate financial instruments.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. The Group's principal financial assets are bank balances and cash, trade and other receivables.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Foreign currency risk

The Group incur foreign currency risk mainly on borrowings denominated in a currency other than the functional currency of the respective group companies. The major currency giving rise to currency risk is the US dollar.

This report was approved by the board and signed on its behalf.

WRB

M Sigler

Director

Date: 13 April 2022

PE QIQ Holding Limited
Directors' Report
For the period ended 25 December 2021

The Directors of PE QIQ Holding Limited and its subsidiaries (collectively the "Group") present their report together with the Group's consolidated Financial Statements for the 52 week period from 27 December 2020 to 25 December 2021 ("financial period"). The comparative period was for the 52 week period from 29 December 2019 to 26 December 2020.

Principal activity

The principal activities of the Group were the distribution and sale of goods and services for the office, in Australia and New Zealand.

Apart from noted in changes in state of affairs note below, there have been no changes to the nature of the Group's activities during the period.

Results and dividends

The loss for the period, after taxation, amounted to \$16,494,000 (2020: \$22,825,000 loss).

No dividends have been paid or proposed during the period.

Directors

The names and details of the Company's directors in office during the financial period and until the date of this report are set out below. Directors were in office for the entire period unless stated.

Directors of the Company for the period ended 25 December 2021 were:

I Downie
E Kalawski
M Sigler

Qualifications of Company Secretary

E Kalawski was Company Secretary during the whole of the financial year and up to the date of this report.

Future developments

At the date of this report the Directors are not aware of any other likely developments that would significantly affect the operations of the economic entity or its results over the next financial period.

Indemnification and insurance of officers and auditors

Indemnification

Under the Company's constitution, every person who is or has been an officer of the Company or a subsidiary of the Company, is entitled to be indemnified out of the property of the Company to the relevant extent against:

- (i) every liability incurred by the person in the capacity as an officer (except a liability for legal costs); and
- (ii) all legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil, criminal or of an administrative or investigatory nature, in which the officer becomes involved in that capacity,

unless:

- (i) the Company is forbidden by statute to indemnify the person against the liability or legal costs: or
- (ii) an indemnity by the Company of the person against the liability or legal costs would, if given, be made void by statute.

PE QIQ Holding Limited
Directors' Report
For the period ended 25 December 2021

The Directors and a Company Secretary have entered into a Deed of Access and Indemnity which reflects the terms of the constitution as set out above. No indemnity agreement, the terms of which are beyond that which is contained in the Company's constitution, has been entered into with a director, officer or auditor of the Company. No amounts have been paid under any of these indemnities.

Insurance

During the financial period the Company paid a premium in respect of a contract insuring all directors and officers against a liability incurred as such a director or officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium paid.

Auditor indemnification

To the extent permitted by law, the company has agreed to indemnify its auditors, Ernst & Young LLP, as part of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount), other than a loss arising from Ernst & Young's LLP's negligent, wrongful or willful acts or omissions. No payment has been made to indemnify Ernst & Young LLP during the period ended 25 December 2021 and up to the date of this report.

Environment

The Company operates predominantly in the distribution sector, and is committed to conducting its business with respect for the environment. During the financial period no particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory has applied to the Company or its operations.

Changes in state of affairs

During the financial year, there was no significant change in the state of affairs of the Company other than any referred to in the Financial Statements or notes thereto.

Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business. As at 25 December 2021, the Group had a net deficit of \$108,421,000 (2020: net deficit of \$113,556,000) and net current assets of \$81,662,000 (2020: \$84,924,000).

The Group's forecasts and projections taking account of reasonable possible changes in trading performance and the Group's management of its principal risk and uncertainties, show that the Group and its subsidiaries should be able to operate within the level of its current facilities and resources and also meet forecast covenant measures.

The Directors believe the Group and its subsidiaries has adequate resources to continue in operational existence for the foreseeable future and will be able to meet its commitments as and when they fall due for the going concern period which extends to 30 April 2023. Therefore, the Directors have prepared the financial report on a going concern basis.

Employees

The Group is committed to promoting equal opportunities in employment and maintains an Equal Opportunities Policy. The Board believes that diversity improves effectiveness and enhances the success of the Company. Employment opportunities are given to disabled people equally.

PE QIQ Holding Limited
Directors' Report
For the period ended 25 December 2021

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post year end events

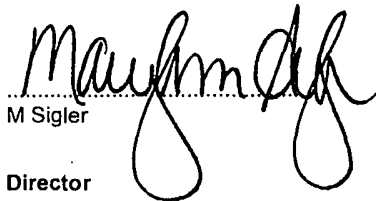
No matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Auditor

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board and signed on its behalf.

WRB


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M Sigler

Director

Date: 13 April 2022

PE QIQ Holding Limited
Directors' Responsibilities Statement
For the period ended 25 December 2021

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Consolidated and Company financial statements in accordance with applicable United Kingdom law and regulation.

Company law requires the directors to prepare consolidated and company financial statements for each financial period. Under that law they have elected to prepare the consolidated financial statements in accordance with UK Adopted International Accounting Standards, and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced disclosure Framework' (FRS 101) as issued by the Financial Reporting Council and the Companies Act 2006.

Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. Under company law the directors must not approve the company financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company for that period.

In preparing the consolidated and the company financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Accounting Standards in conformity with the requirements of the Companies Act 2006 (or in respect of the parent company financial statements, FRS 101) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state whether, for the consolidated financial statements they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements and for the company financial statements they have been prepared in accordance with FRS101 (Financial Reporting Standard 101) 'Reduced disclosure Framework' as issued by the Financial Reporting Council, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company and/or the Group will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and of the Company and enable them to ensure that both the consolidated financial statements and the Company financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of consolidated financial statements and company financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of PE QIQ Holding Limited

Opinion

We have audited the financial statements of PE QIQ Holding Limited ('the parent company') and its subsidiaries (the 'group') for the period ended 25 December 2021 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Profit or Loss, the Consolidated statement of other comprehensive income, the Consolidated and Parent company Statement of Financial Position, the Consolidated and Parent Statement of Changes in Equity and the Consolidated Statement of Cash Flows and the related notes 1 to 34, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 25 December 2021 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 30 April 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report set out on pages 1-8, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate,

they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

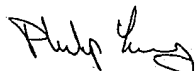
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the reporting framework (UK adopted international accounting standards, UK GAAP and the Companies Act 2006) and the relevant tax compliance regulations in the jurisdictions in which the group operates.
- We understood how PE QIQ Holding Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance. We corroborated our enquiries through our review of board minutes and papers provided to those charged with governance, as well as consideration of the results of our audit procedures over the Company's financial statements.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by obtaining an understanding through discussions with management of fraud risk areas. We considered the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk which were designed to provide reasonable assurance that the financial statements were free from material misstatement, whether due to fraud or error. We tested specific transactions back to source documentation or independent confirmations as appropriate.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual non-standard journals and journals indicating large or unusual transactions identified by specific risk criteria based on our understanding of the business; enquiries of those responsible for legal and compliance of the company and management; and focused testing. In addition, we completed procedures to conclude on the compliance of the disclosures in the annual report and accounts with all applicable requirements

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Philip Young (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
13 April 2022

PE QIQ Holding Limited
Consolidated Statement of profit or loss

		Period ended 25 December 2021 \$'000	Period ended 26 December 2020 \$'000
Note			
Revenue from contracts with customer	5	947,140	1,001,415
Cost of goods sold		(633,409)	(683,651)
Gross profit		313,731	317,764
Other operating income	5	12,244	25,489
Distribution expenses	6	(45,761)	(52,643)
Administration expenses	6	(275,939)	(287,583)
Profit/(loss) from operations		4,275	3,027
Finance income	7	259	111
Finance expense	7	(22,124)	(19,879)
(Loss) before tax		(17,590)	(16,741)
Income tax benefit/(expense)	8	1,096	(6,084)
(Loss) for the year		(16,494)	(22,825)
(Loss) for the year attributable to:			
Owners of the parent		(12,040)	(17,094)
Non-controlling interest		(4,454)	(5,731)
		(16,494)	(22,825)

PE QIQ Holding Limited

Consolidated Statement of Other Comprehensive Income

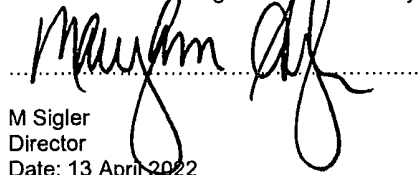
	Note	Period ended 25 December 2021 \$'000	Period ended 26 December 2020 \$'000
Loss for the period		(16,494)	(22,825)
Items that will be or may be reclassified to profit or loss:			
Exchange gain/(loss) arising on translation of foreign currency operations		120	(393)
Remeasurement gain/(loss) on defined benefit plans		157	(71)
Other comprehensive income/(loss) for the year, net of tax		277	(464)
Total comprehensive loss for the year		(16,217)	(23,289)
Total comprehensive loss attributable to:			
Owners of the parent		(11,763)	(17,558)
Non-controlling interest		(4,454)	(5,731)
		(16,217)	(23,289)

PE QIQ Holding Limited
Consolidated Statement of Financial Position

	Note	25 December 2021 \$'000	26 December 2020 \$'000
Assets			
Non-current assets			
Property, plant and equipment	11	18,287	14,804
Intangible assets	14	33,764	40,543
Trade and other receivables	9	2,434	
Right-of-use assets	12	162,364	161,258
Goodwill	15	43,172	43,122
Deferred tax assets	13	9,114	6,150
Other assets		482	-
Total non-current assets		269,617	265,877
Current assets			
Inventories	10	125,702	141,454
Trade and other receivables	9	153,457	157,418
Cash and cash equivalents		50,082	26,556
Other current assets		1,139	1,196
Total current assets		330,380	326,624
Total assets		599,999	592,501
Liabilities			
Non-current liabilities			
Leases	12	169,920	166,164
Borrowings	18	286,425	294,069
Defined benefit liability	20	318	475
Provisions	19	3,037	3,649
Total non-current liabilities		459,700	464,357
Current liabilities			
Trade and other payables	16	215,742	200,827
Leases	12	18,526	15,306
Borrowings	18	-	9,000
Provisions	19	14,450	16,567
Total current liabilities		248,718	241,700
Total liabilities		708,418	706,057
Net assets		(108,421)	(113,556)
Issued capital and reserves attributable to owners of the parent			
Share capital	21	64,538	48,714
Foreign exchange reserve		(213)	31
Retained (deficit)		(144,969)	(133,450)
		(80,644)	(84,705)
Non-controlling interest		(27,777)	(28,851)
Total equity		(108,421)	(113,556)

The financial statements on pages 12 to 53 were approved and authorised for issue by the board of directors and were signed on its behalf by:

WRB


M Sigler
Director
Date: 13 April 2022

PE QIQ Holding Limited
Consolidated Statement of Changes in Equity

	Share Capital \$'000	Foreign Exchange Reserve \$'000	Retained Deficit \$'000	Total attributable to equity holders of parent \$'000	Non- controlling interest \$'000	Total Equity \$'000
As at 29 December 2019	38,256	613	(116,474)	(77,605)	(26,774)	(104,379)
Loss for the period	-	-	(17,094)	(17,094)	(5,731)	(22,825)
Transfer	-	(189)	189	-	-	-
Other comprehensive income	-	(393)	(71)	(464)	-	(464)
Total comprehensive income for the period	-	(582)	(16,976)	(17,558)	(5,731)	(23,289)
Contributions by and distributions to owners						
Contribution of equity (note 21)	10,458	-	-	10,458	-	10,458
Transactions with non- controlling interests	-	-	-	-	3,654	3,654
As at 26 December 2020	48,714	31	(133,450)	(84,705)	(28,851)	(113,556)
As at 27 December 2020	48,714	31	(133,450)	(84,705)	(28,851)	(113,556)
Loss for the period	-	-	(12,040)	(12,040)	(4,454)	(16,494)
Transfer	-	(364)	364	-	-	-
Other comprehensive income	-	120	157	277	-	277
Total comprehensive income for the period	-	(244)	(11,519)	(11,763)	(4,454)	(16,217)
Contributions by and distributions to owners						
Contribution of equity (note 21)	15,824	-	-	15,824	-	15,824
Transactions with non- controlling interests	-	-	-	-	5,528	5,528
As at 25 December 2021	64,538	(213)	(144,969)	(80,644)	(27,777)	(108,421)

PE QIQ Holding Limited
Consolidated Statement of Cash Flows

	Note	Period ended 25 December 2021 \$'000	Period ended 26 December 2020 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,057,593	1,165,767
Payments to suppliers and employees (inclusive of GST)		(976,927)	(1,128,452)
Interest received		241	67
Interest paid		(22,276)	(19,245)
Income taxes (paid)/ refunded		(518)	493
Net cash from operating activities	17	58,113	18,630
Cashflows from investing activities			
Purchase of property, plant and equipment		(7,921)	(4,136)
Proceeds from disposal of PPE		307	51
Purchase of intangibles		(2,525)	(2,187)
Net cash (used in)/from investing activities		(10,139)	(6,272)
Cashflows from financing activities			
Proceeds from capital contribution		21,352	14,112
Payment of principal portion of lease liabilities		(18,278)	(20,958)
Proceeds from external borrowings		400,527	483,408
Repayment of external borrowings		(428,049)	(500,365)
Payment of borrowing costs		-	(101)
Net cash (used in) financing activities		(24,448)	(23,904)
Net cash (decrease) in cash and cash equivalents		23,526	(11,546)
Cash and cash equivalents at the beginning of the period		26,556	38,493
Changes in cash due to foreign currency		-	(391)
Cash and cash equivalents at the end of the period		50,082	26,556

Note 1: Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. The financial report includes financial statements for the consolidated entity consisting of PE QIQ Holding Limited (the "Company") and its subsidiaries (collectively, "the Group").

The Company's immediate holding company is Platinum Equity Capital Partners International IV (Cayman), L.P. and Platinum Quill Principals International (Cayman), LLC., as at 25 December 2021.

(A) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with UK Adopted International Accounting Standards and in conformity with the requirements of the Companies Act 2006.

The consolidated financial statements have been prepared on a historical cost basis, except for goodwill which has been valued at the lower of cost and net realisable value. The consolidated financial statements are presented in Australian dollars and all values are rounded to the nearest thousand (\$000), except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period. The 2021 financial period relates to the 52 week period from 27 December 2020 to the 25 December 2021. The 2020 financial period relates to the 52 week period from 29 December 2019 to the 26 December 2020.

(i) *Going Concern*

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business. As at 25 December 2021, the Group had a net deficit of \$108,421,000 (2020: net deficit of \$113,556,000) and net current assets of \$81,662,000 (2020: \$84,924,000).

The Group's forecasts and projections taking account of reasonable possible changes in trading performance and the Group's management of its principal risk and uncertainties, show that the Group and its subsidiaries should be able to operate within the level of its current facilities and resources and also meet forecast covenant measures.

The Directors believe the Group and its subsidiaries has adequate resources to continue in operational existence for the foreseeable future and will be able to meet its commitments as and when they fall due for the going concern period which extends to 30 April 2023. Therefore, the Directors have prepared the financial report on a going concern basis.

(B) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 25 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Note 1: Summary of Significant Accounting Policies (continued)

(B) Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are:

- Changes to one or more of the three elements of control.
- Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.
- Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(C) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Note 1: Summary of Significant Accounting Policies (continued)

(C) Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Note 1: Summary of Significant Accounting Policies (continued)

(D) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 1C) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(E) Rounding off of amounts

All values in the financial report are rounded to the nearest thousand (\$000), except when otherwise indicated.

(F) Revenue recognition

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue from services provided is recognised at the point in time when the service has been delivered in full to the customer. The normal credit term is 30 days upon delivery.

The Group considers whether there are multiple and separable performance obligations contained within a contract to supply goods and services to a customer, and if the transaction price can be separately allocated to each performance obligations in the contract. In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

(i) *Variable consideration*

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

(ii) *Rights of return*

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in AASB 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Note 1: Summary of Significant Accounting Policies (continued)

(F) Revenue recognition (continued)

(iii) *Rebates*

Under certain contracts the Group pays a rebate to customers. To estimate the variable consideration for the expected future rebates, the Group uses a combination of actual and forecast sales multiplied by the contractual rebate earn rates contained in the specific customer contract.

(G) Foreign currency translation

(i) *Foreign currencies*

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(ii) *Transactions and balances*

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(iii) *Group companies*

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Note 1: Summary of Significant Accounting Policies (continued)

(H) Other financial assets

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets. Loans and receivables are included in receivables in the Statement of Financial Position and Note 9.

(I) Fair value estimation

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(J) Employee benefits

(i) *Short-term and other long-term employee benefits*

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

(ii) *Defined contribution superannuation funds*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an employee benefit expense in profit or loss in periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Note 1: Summary of Significant Accounting Policies (continued)

(J) Employee benefits (continued)

(iii) *Defined benefit superannuation funds*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to remeasure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plans are recognised in the profit or loss.

When benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) *Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits, other than defined benefit superannuation funds, is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on Australian Corporate Bonds that have maturity dates approximating to the terms of the Group's obligations.

(v) *Termination benefits*

Termination benefits are recognised as an expense when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than twelve months from reporting date, they are discounted to their present value.

(K) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment and work in progress.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Note 1: Summary of Significant Accounting Policies (continued)

(K) Property, plant and equipment (continued)

Depreciation is calculated using the straight line method to allocate their cost amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	12.5 - 40 years
Plant and equipment	3 - 20 years
Fixtures and fittings	4 - 10 years
Leasehold improvements	3 - 40 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

(L) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land and buildings	1 - 15 years
Vehicles	1 - 7 years
Other equipment	1 - 8 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Note 1: Summary of Significant Accounting Policies (continued)

(L) Leases (continued)

Group as a lessee (continued)

(ii) Lease liabilities (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date or the interest rate implicit in the lease when readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in borrowings.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(M) Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity, whichever is the shorter.

(N) Intangible assets

(i) Software

Costs incurred in the development of products and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to intangible assets. Costs capitalised include external direct costs of materials and services, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over their estimated useful lives.

Information Technology development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

(ii) Trademarks and brands

Trademarks and brands have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and brands over their estimated useful lives.

(iii) Customer contracts

Customer contracts and restraint of trade clauses are recognised at acquisition of new businesses. These have a finite useful life and are carried at fair value at date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate their costs over their estimated useful lives.

Note 1: Summary of Significant Accounting Policies (continued)

(O) Impairment of intangible assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units).

(P) Website costs

Costs in relation to websites are treated as an expense in the period in which they are incurred unless they relate to the acquisition of an asset, in which case they are capitalised and amortised over their period of expected benefit. Generally, ongoing costs of maintenance during the operating phase are considered to be expenses.

(Q) Maintenance and repairs

The costs of routine operating maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated in accordance with Note 1(K).

(R) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(ii) Current tax

The tax currently payable or receivable is based on taxable profit or loss of the period. The Taxable profit or loss differs from 'profit or loss before tax' as reported in the Consolidated Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(iii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Note 1: Summary of Significant Accounting Policies (continued)

(R) Taxation (continued)

(iii) Deferred tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(S) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(T) Trade receivables

Trade receivables are recognised initially at fair value. Trade receivables are generally due for settlement 30 days (but no more than 90 days) from date of recognition. Collectability of trade receivables is reviewed on an ongoing basis. A provision for impairment is established when there is objective evidence that the Group will not be able to collect an amount outstanding. Debts are written off when all avenues for collection have been exhausted.

(U) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are assigned to inventory on hand using the average cost basis.

(V) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are recognised at fair value and subsequently carried at amortised cost, they are unsecured and are usually paid within 60 days of recognition.

Note 1: Summary of Significant Accounting Policies (continued)

(W) Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(X) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(Y) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(Z) Dividends

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(AA) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(BB) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

Note 2: Reporting Entity

PE QIQ Holding Limited (the 'Company') is a limited company incorporated in the United Kingdom under the Companies Act. The Company's registered office is at 100 New Bridge Street, London, England, EC4V 6JA. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group is primarily involved in the distribution and sale of goods and services for the office, in Australia and New Zealand.

Note 3: Critical Accounting Estimates and Judgements

Critical accounting estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

(A) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 1(O). The recoverable amounts of cash-generating units have been determined based on fair value less cost to sell model. These calculations require the use of assumptions. The value in use calculation is based on a Discounting Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the Cash-generating Unit being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

(B) Use of estimates and judgements

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 19 – Provisions
- Note 20 – Defined benefit liability
- Note 27 – Contingent liabilities

Note 4: Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Note 5: Revenue from Contracts with Customers

The following is an analysis of the Group's revenue for the period:

	For the period ended 25 December 2021 \$'000	For the period ended 26 December 2020 \$'000
Revenue from contracts with customers		
Revenue from sale of goods	926,458	982,159
Revenue from services	20,682	19,256
Total revenue	947,140	1,001,415
Other income		
Freight recovery	1,714	2,321
Government grant	4	4,242
Net foreign currency gains	-	17,084
Reversal of previously recognised impairment charge	3,628	-
Income on sublease right-of-use assets	4,417	-
Other revenue	2,481	1,842
Total other income	12,244	25,489
Total revenue and other income	959,384	1,026,904

Analysis of revenue by country of destination:

	For the period ended 25 December 2021 \$'000	For the period ended 26 December 2020 \$'000
Australia	680,247	737,063
New Zealand	279,137	289,841
	959,384	1,026,904

(a) Government grants

The Group received a government grant in 2021, this amounted to \$4,000 (2020: \$4,242,000) and related to the short-term absence payment introduced in New Zealand in response to the COVID-19 coronavirus pandemic. The Group was entitled to the grant to pay eligible employees who could not work from home and missed work to stay home while waiting for a COVID-19 test result. The grant was recognised in profit or loss in other income as the related wages and salaries for employees were recognised. There is no outstanding balance of deferred income or receivable related to this grant as at 25 December 2021.

(b) Rent concessions

The Group negotiated rent concessions with its landlords for several of its retail store leases and warehouse leases as a result of the severe impact of the COVID-19 pandemic during the year. The Group applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions relating to its retail store and warehouse leases.

The amount recognised in profit or loss for the reporting period to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concessions is \$5,000 (2020: \$157,000).

Note 6: Operating loss

Operating loss is stated after charging:

	For the period ended 25 December 2021 \$'000	For the period ended 26 December 2020 \$'000
Employee benefits expense	159,656	163,380
Travel and entertainment expenses	1,254	1,786
Transport and distribution expenses	45,761	52,643
Occupancy expenses	8,902	12,450
Depreciation and amortisation expenses	35,750	36,861
Advertising and marketing expenses	2,648	1,859
Administration expenses	14,200	16,440
Restructuring expenses	-	3,137
Repairs and maintenance expenses	1,758	1,558
Professional and legal fees	7,523	6,953
Contract labor cost	17,356	21,124
Insurance expenses	3,234	2,956
Other expenses	23,658	19,079
	321,700	340,226

Note 7: Expenses

	For the period ended 25 December 2021 \$'000	For the period ended 26 December 2020 \$'000
(a) Finance income and expense		
Finance income		
Interest on:		
Other interest receivable	259	111
Total finance income	259	111
Finance expense		
Bank interest payable	8,830	11,095
Interest and finance charges paid/payable for lease liabilities	12,202	7,639
Other	1,092	1,145
Total finance costs	22,124	19,879
Net finance expense recognised in profit or loss	(21,865)	(19,768)

The above financial income and expense include the following in respect of assets (liabilities) not at fair value through profit or loss:

	For the period ended 25 December 2021 \$'000	For the period ended 26 December 2020 \$'000
Total interest income on financial assets	259	111
Total interest expense on financial liabilities	(22,124)	(19,879)
	(22,865)	(19,768)

Note 7: Expenses (continued)

	For the period ended 25 December 2021 \$'000	For the period ended 26 December 2020 \$'000
(b) Employee benefit expense		
Wages and salaries	149,991	153,333
Defined contribution superannuation expense	8,833	8,843
Other employee benefit expense	832	1,204
Total employee benefit expense	159,656	163,380
Average monthly number of employees		
General & Administrative	417	451
Selling & Operating	675	787
Supply Chain	822	875
Total employee numbers by function	1,914	2,113
(c) Depreciation and amortisation		
Trademark	-	3
Software	7,408	8,697
Customer relationship	1,907	1,906
ROU asset	22,318	21,601
Leasehold improvements	91	121
Buildings	10	11
Property, plant and equipment	4,016	4,522
Total depreciation and amortisation	35,750	36,861
(d) Other expenses		
Net foreign exchange loss on borrowings	9,781	-
Other expense	13,877	19,079
Total other expenses	23,658	19,079

Note 8: Income Tax

(a) Income Tax Expense/(Benefit)

	For the period ended 25 December 2021 \$'000	For the period ended 26 December 2020 \$'000
Current Tax	1,963	1,254
Adjustments in respect of current income tax of previous year (benefit)	(95)	(50)
Deferred Tax	(2,964)	4,880
	(1,096)	6,084
Deferred income tax expense/(benefit) included in income tax expense comprises:		
(Increase) in deferred tax assets	(3,638)	(3,099)
Increase in deferred tax liabilities	674	7,979
	(2,964)	4,880

Note 8: Income Tax (continued)

(b) Numerical reconciliation of income tax benefit to prima facie tax payable

	For the period ended 25 December 2021 \$'000	For the period ended 26 December 2020 \$'000
(Loss) before income tax	(17,590)	(16,741)
Tax at the Australian tax rate of 30%	(5,277)	(5,022)
Add tax effect of:		
Utilisation of previously unrecognised tax losses	-	(1,812)
Non-deductible expenses	2	16
Differences in tax rates in jurisdictions	249	(356)
Sundry permanent differences	(231)	82
Deferred tax assets not recognised	2,381	10,929
Costs relating to acquisitions and disposals	-	54
Non deductible Interest	2,563	3,046
Non assessable income	(494)	(308)
Adjustment of deferred tax balances from prior year income tax return	(198)	(494)
Over provision prior years	(91)	(51)
Income tax (benefit)/expense	<u>(1,096)</u>	<u>6,084</u>

Note 9: Current Trade and Other Receivables

	Note	25 December 2021 \$'000	26 December 2020 \$'000
Current			
Trade receivables		134,007	140,509
Allowance for expected credit loss	9(a)	(2,465)	(2,083)
Trade receivables – net		<u>131,542</u>	<u>138,426</u>
Other receivables and prepayments		21,915	18,992
Total trade and other receivables		<u>153,457</u>	<u>157,418</u>
Non Current			
Lease receivables		2,434	-
		<u>2,434</u>	<u>-</u>

(a) Allowance for expected credit loss

Trade receivable have been shown net of impairment losses of \$2,465,000 (2020: \$2,083,000) for the Group has been recognised based on expected credit losses where collection is considered impaired. Movements in the provision for impairment of receivables are as follows:

	25 December 2021 \$'000	26 December 2020 \$'000
Opening balance	2,083	1,728
Provision for impairment recognised during the period as an expense	310	504
Receivables written off during the year as uncollectible	71	(143)
Exchange difference	2	(6)
Closing balance	<u>2,466</u>	<u>2,083</u>

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Note 9: Current Trade and Other Receivables (continued)

(b) Fair Value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above.

The creation and release of the provision for impaired receivables has been included in selling/marketing expense in the income statement. Amounts charged to the impairment account are generally written off when all avenues for collection have been exhausted and there is no expectation of recovering additional cash.

(c) Foreign exchange risk

There were no carrying amounts of the Group's trade receivables denominated in foreign currencies.

Note 10: Inventories

	25 December 2021 \$'000	26 December 2020 \$'000
Finished goods at lower of cost and net realisable value	124,937	140,351
Stock in transit at cost	765	1,103
	<u>125,702</u>	<u>141,454</u>

During the period, \$2,792,000 (2020: \$7,074,000) of inventories has been written down and recognised as an expense, in cost of goods sold.

Note 11: Property, Plant and Equipment

	Land and Buildings \$'000	Leasehold improvements \$'000	Fixtures and Fittings \$'000	Plant and equipment \$'000	Work in progress \$'000	Total \$'000
Cost						
At 39 December 2019	1,413	1,871	1,830	26,330	-	31,444
Additions	-	4	39	2,784	1,309	4,136
Transfer	(849)	(28)	-	(815)	1,692	-
Disposals	-	(127)	(62)	(3,823)	-	(4,012)
Exchange adjustments	(10)	(19)	(14)	(111)	(49)	(203)
At 26 December 2020	554	1,701	1,793	24,365	2,952	31,365
Additions	-	1,695	-	5,711	515	7,921
Transfer	-	756	(1,793)	3,708	(2,671)	-
Disposals	-	(61)	-	(711)	-	(772)
Exchange adjustments	-	5	-	35	20	60
At 25 December 2021	554	4,096	0	33,108	816	38,574
Accumulated depreciation and impairment						
At 29 December 2019	229	1,383	1,444	12,386	-	15,442
Charge for the period	11	121	354	4,168	-	4,654
Disposals	-	(76)	(20)	(3,372)	-	(3,468)
Exchange adjustments	(1)	(9)	(6)	(51)	-	(67)
At 26 December 2020	239	1,420	1,773	13,131	-	16,561
Charge for the period	10	91	-	4,016	-	4,117
Disposals	-	(30)	-	(391)	-	(421)
Transfer	-	-	(1,772)	1,772	-	-
Exchange adjustments	(1)	2	-	29	-	30
At 25 December 2021	248	1,482	-	18,557	-	20,287
Net book value						
At 26 December 2020	315	282	21	11,234	2,952	14,804
At 25 December 2021	306	2,614	-	14,551	816	18,287

Note 12: Leases

Group as a lessee

The Group has lease contracts for various items of land, buildings, vehicles and other equipment used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios.

The Group also has certain leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land and buildings \$'000	Vehicles \$'000	Other equipment \$'000	Total \$'000
Carrying amount at 29 January 2019	76,504	2,483	1,317	80,304
Additions during the period	102,991	1,681	1	104,673
Net termination	(61)	(232)	(26)	(319)
Impairment	(587)	-	-	(587)
Depreciation expense	(19,940)	(1,071)	(590)	(21,601)
Exchange difference	(1,139)	(69)	(4)	(1,212)
Carrying amount at 26 December 2020	157,768	2,792	699	161,259
Additions during the period	15,456	268	8,267	23,991
Net termination	(797)	(42)	(19)	(858)
Revaluation of ROU asset	(122)	-	-	(122)
Depreciation expense	(19,617)	(1,080)	(1,621)	(22,318)
Reversal of impairment loss	3,628	-	-	3,628
Reclassification to finance lease receivable from subleasing right-of-use assets	(3,628)	-	-	(3,628)
Exchange difference	395	16	1	412
Carrying amount at 25 December 2021	153,085	1,954	7,327	162,364

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	\$'000
As at 29 January 2019	96,896
Additions during the period	107,210
Termination during the period	(481)
Payments	(20,958)
Exchange difference	(1,197)
As at 26 December 2020	181,470
Current	15,306
Non-current	166,164
Additions during the period	26,669
Termination during the period	(1,257)
Revaluation of lease liabilities	(136)
Payments	(18,646)
Exchange difference	345
As at 25 December 2021	188,445
Current	18,526
Non-current	169,920

Note 12: Leases (continued)

The following are the amounts recognised in profit or loss:

	2021 \$'000	2020 \$'000
Depreciation expense of right-of-use assets	22,318	21,601
Interest expense on lease liabilities	12,226	7,686
Expense relating to short-term leases	1,429	2,775
(Gain)/loss on disposals & early terminations	(181)	33
Expense relating to leases of low-value assets	91	107
Impairment of right-of-use assets	-	587
Rent concession income	(5)	(157)
Reversal of impairment loss right-of-use assets	(3,628)	-
Income from subleasing right-of-use assets	(2,359)	-
Total amount recognised in profit or loss	29,893	32,632

The total cash outflows for leases was \$30,449,000 (2020: \$28,644,000).

Group as a lessor

The sublease of a warehouse space is classified as a finance lease. The Group derecognised the right-of-use asset resulting from the head lease (to the extent that is subject to the sub-lease) and recognised a lease receivable. The lease receivable is presented within "Trade and Other Receivables" in Note 9.

The carrying amounts of lease receivables and movements during the year are as follows:

	Note	Land and buildings \$'000	Total \$'000
Carrying amount at 27 December 2020			
Additions		6,398	6,398
Interest received		241	241
Amortisation of initial cost		(103)	(103)
Cash receipts		(1,792)	(1,792)
Carrying amount at 25 December 2021		4,744	4,744
 Current	 9	 2,310	 2,310
Non-current	9	2,434	2,434

Note 13: Deferred tax assets

	25 December 2021 \$'000	26 December 2020 \$'000
Provisions	6,091	6,382
Accruals	1,593	1,048
Provisions for receivables and inventories	5,214	3,986
Lease provision	710	710
Plant, equipment and software	1,333	1,247
Lease liabilities	20,891	18,095
Others	(44)	682
Fixed assets	-	-
Intangible assets acquired	(8,717)	(9,244)
Lease assets	(17,957)	(16,756)
Net deferred tax assets	9,114	6,150
Movements:		
Opening balance	6,150	11,030
Credited/(charged) to the income statement	2,964	(4,880)
Closing balance	9,114	6,150

Note 14: Intangible Assets

Reconciliations of the carrying amounts of each class of non-current intangible assets at the beginning and end of the current financial period are set out below:

	Software \$'000	Customer Contracts \$'000	Trademarks and brands \$'000	Total \$'000
Cost				
At 29 December 2019	38,490	37,907	-	78,584
Additions	2,187	-	-	2,187
Disposals	-	-	(70)	(70)
At 26 December 2020	40,677	37,907	-	78,584
Additions	2,525	-	-	2,525
Disposals	-	-	-	-
At 25 December 2021	43,202	37,907	-	81,109
Accumulated amortisation and impairment				
At 29 December 2019	22,402	5,031	67	27,500
Charge for the period	8,697	1,906	3	10,606
Disposals	-	-	(70)	(70)
Exchange adjustments	-	5	-	5
At 26 December 2020	31,099	6,942	-	38,041
Charge for the period	7,408	1,907	-	9,315
Disposals	-	-	-	-
Exchange adjustments	-	(11)	-	(11)
At 25 December 2021	38,507	8,838	-	47,345
Net book value				
At 26 December 2020	9,578	30,965	-	40,543
At 25 December 2021	4,695	29,069	-	33,764

Note 15: Goodwill

	25 December 2021 \$'000	26 December 2020 \$'000
Cost	43,172	43,122
	<u>43,172</u>	<u>43,122</u>
	25 December 2021 \$'000	26 December 2020 \$'000
Cost		
Opening	43,122	43,314
Exchange difference	50	(192)
Closing	<u>43,172</u>	<u>43,122</u>

Note 16: Trade and Other Payables

	25 December 2021 \$'000	26 December 2020 \$'000
Trade payables	157,302	155,117
Sundry creditors and accruals	53,600	42,602
Customer advances	2,296	1,465
Accrued interest	785	1,221
Income tax payable	1,759	422
Total payables and accrued expenses	<u>215,742</u>	<u>200,827</u>

Trade payables are non-interest bearing and are generally on terms of 30 to 90 days.

(a) Fair Value and credit risk

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Foreign exchange risk

The Group purchases inventory in local and foreign currencies. Trade payables denominated in foreign currency are recorded at the spot rate at the date of transaction and subsequently revalued at the relevant period end spot rate with any movement in the liability recognised in profit and loss.

Note 17: Cash flow information

	25 December 2021 \$'000	26 December 2020 \$'000
Cash flow reconciliation		
Reconciliation of net loss after tax to net cash flows from operations:		
Loss after tax	(16,494)	(22,825)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	35,750	36,861
Charges to provision	41,032	11,755
Amortisation of capitalised borrowing costs	1,092	1,039
Income tax received	44	493
Net unrealised foreign currency loss/(gain)	10,162	(16,477)
Other expenses	5,285	3,317
Changes in assets and liabilities, net of the effect of disposals of subsidiaries		
Decrease in receivables	3,433	54,661
(Increase)/decrease in other assets	(425)	910
Decrease in inventories	12,875	28,368
Increase/(decrease) in payables	13,597	(66,642)
(Increase)/decrease in deferred taxes	(2,964)	4,880
(Decrease) in provisions	(45,274)	(17,710)
Net cash flows from operating activities	58,113	18,630

Note 18: Borrowings

	25 December 2021 \$'000	26 December 2020 \$'000
Current		
Bank term loan	-	9,000
	-	9,000
Non-current		
Bank term loan	85,620	104,142
Bank subordinated loan	201,535	192,231
Less: deferred borrowing costs	(730)	(2,304)
	286,425	294,069

Bank - term loan

On 21 March 2018, Project Quill Holding Limited, together with Project Quill IV Pty Limited, OfficeMax International Pty Limited and Project Inkquill I Pty Limited (added on 24 October 2018) (all related parties of the Group and wholly owned subsidiaries of the Ultimate Parent PE QIQ Holding Limited (UK)) entered into a credit facility agreement with Bank of America Merrill Lynch and its syndicate of lenders, with the principal facility of up to \$200 million for a period of 5 years. The agreement and facility are shared with the related bodies corporate disclosed above.

On 19 June 2020, Project Quill IV Pty Ltd, together with Project Quill Holding Limited (UK), OfficeMax International Pty Ltd and Project Inkquill I Pty Ltd completed an amendment to the existing credit facility agreement. An additional amortising sublimit drawdown of \$10,125,000 was made within the existing \$200 million facility with the balances to be repaid within one year. As at 25 December 2021, the balance is \$0.

On 30 September 2021, the facility was extended to 21 March 2024.

	25 December 2021 \$'000	26 December 2020 \$'000
Financing facilities held by the Group		
At balance date access was available to the following lines of credit:		
Financing facilities	1,500	1,500
Amount used	(1,490)	(1,490)
Amount unused	10	10
Financing facilities held by the Group and related parties		
At balance date access was available to the following lines of credit:		
Financing facilities	125,154	148,937
Utilised by:		
Project Quill Holdings Limited and its controlled subsidiaries		
- Borrowings	85,621	113,142
- Guarantee	9,277	2,968
Amount utilised	94,898	116,110
Amount unutilised	30,256	32,827

Note 19: Provisions

	25 December 2021 \$'000	26 December 2020 \$'000
Current		
Employee commissions	1,303	972
Annual leave	5,391	6,022
Long service leave	5,907	7,412
Provision for make good	1,849	1,636
Restructuring provision	-	525
	14,450	16,567
Non-current		
Long service leave	1,270	1,491
Provision for make good	1,767	2,102
Restructuring provision	-	56
	3,037	3,649

	Annual leave \$'000	Long service leave \$'000	Make good \$'000	Employee commissions \$'000	Restructuring provision \$'000	Total \$000
Opening balance as at 26 December 2020	6,022	8,903	3,738	972	581	20,216
Charged to profit or loss	36,934	954	431	4,198	-	42,517
Paid	(37,577)	(2,680)	(561)	(3,871)	(585)	(45,274)
Foreign Currency	12	-	8	4	4	28
As at 25 December 2021	5,391	7,177	3,616	1,303	-	17,487
Due within one year or less	5,391	5,907	1,849	1,303	-	14,450
Due after more than one year	-	1,270	1,767	-	-	3,037
Total	5,391	7,177	3,616	1,303	-	17,487

Employee entitlements

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 20: Defined benefit liability

	25 December 2021 \$'000	26 December 2020 \$'000
Present value of the obligation	(1,117)	(1,231)
Present value of plan assets	799	756
(Deficit) in the plan	(318)	(475)

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from multiple of member final salary and years of membership.

The Group makes contributions to three defined benefit plans that provide benefits to employees on retirement. These schemes are included in the pooled funds that hold in trust the investments of the closed

NSW public sector superannuation schemes:

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

Police Superannuation Scheme (PSS)

State Authorities Non-contributory Superannuation Scheme (SANCS)

All the schemes are closed to new members.

Plan assets comprise:

	2021	2020
Australian Equities	18.5%	19.9%
International Equities	35.5%	32.3%
Other	20.0%	23.5%
Property	6.3%	8.3%
Short Term Securities	14.2%	9.5%
Australian Fixed Interest	1.6%	1.9%
International Fixed Interest	3.9%	4.6%
Total	100.0%	100.0%

All Pooled Fund assets are invested by SAS Trustee Corporation at arm's length through independent fund managers. There are no amounts included in the plan assets for any financial instrument of the Group or for any property occupied by or other asset used by the Group.

Movement in the present value of defined benefit obligations:

	25 December 2021 \$'000	26 December 2020 \$'000
Defined benefit obligation at the beginning of the period	1,231	1,136
Benefits paid by the plan	(58)	(114)
Other net movement in defined benefit obligation	(56)	209
Defined benefit obligation at the end of the financial period	1,117	1,231

Note 20: Defined benefit liability (continued)

Movement in the fair value of plan assets

	25 December 2021 \$'000	26 December 2020 \$'000
Fair value of plan assets at the beginning of the period	756	732
Benefits paid by the plan	(58)	(114)
Other net movement in plan assets	101	138
Fair value of plan assets at the end of the financial period	<u>799</u>	<u>756</u>

Expense/(income) recognized in profit or loss

	25 December 2021 \$'000	26 December 2020 \$'000
Expense/(income) recognised in profit and loss	11	28

Actuarial gain and losses recognised in other comprehensive income

	25 December 2021 \$'000	26 December 2020 \$'000
Cumulative (losses) at beginning of financial period	(548)	(505)
Recognised during the period – gains/(losses)	168	(43)
Cumulative (losses) at end of financial period	<u>(380)</u>	<u>(548)</u>

Actuarial assumptions

	25 December 2021	26 December 2020
Principal actuarial assumptions at the reporting date:		
Discount rate at 31 December	3.22%	2.26%
Expected return on plan assets at 1 January	6.1%	6.5%
Expected salary increases (excluding promotional increases)	2.74% pa 21/22 to 25/26; 3.2% pa thereafter	1.7% for 2020/2021; 2.2% pa for 2021/2022 to 2023/2024; 3.2% pa thereafter
Expected rate of CPI increase	2%	2%

Note 21: Contributed Equity

	2021 No. of shares	2020 No. of shares	2021 \$'000	2020 \$'000
Share capital - ordinary shares fully paid	199,999,002	199,999,000	64,538	48,714
Share capital – preference shares fully paid	1,000	1,000	-	-
	200,000,002	200,000,000	64,538	48,714

	No. of shares	\$'000
Balance at 26 December 2020	200,000,000	48,714
Contribution of equity	2	15,882
Balance at 25 December 2021	200,000,002	64,536

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Note 22: Capital commitments

There are \$420,000 of capital commitments at balance date (2020: \$4,634,000). These relate to capital projects that had commenced but were not completed at year end.

Note 23: Related Parties Disclosure

(a) Parent entities

The Company's immediate holding company is Platinum Equity Capital Partners International IV (Cayman), L.P. and Platinum Quill Principals International (Cayman), LLC. The controlling party is Platinum Equity Capital Partners International IV (Cayman), L.P., as at 25 December 2021.

(b) Ownership interests in related parties

Information in relation to ownership interests in subsidiaries is provided in Note 24.

(c) Transactions with directors and director related entities

Remuneration of directors

There were no loans to directors in existence as at the current or prior reporting date nor were any loans granted and repaid within the current or prior period.

(d) Other transactions with key management personnel

The key management personnel compensation included in expenses for the period is as follows:

<i>In AUD</i>	25 December 2021	26 December 2020
	\$'000	\$'000
Total compensation	\$5,045	\$3,919

Key management personnel of the Group and their related parties conducted transactions with entities within the Group that occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those which it is reasonable to expect the Group would have adopted if dealing with third parties at arm's length in similar circumstances. There were no material transactions during 2021 (2020: nil) with key management personnel or their related parties.

(e) Related party transactions

	Transaction amount 2021	Transaction amount 2020
	\$'000	\$'000
Management fee paid to related parties	4,012	4,485

No provision for impairment of receivables has been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

Note 24: Investments in Subsidiaries

The subsidiaries listed below are held directly by the Group and the principal activity of the entities in the Group include the distribution and sale of goods and services to the office, in Australia and New Zealand:

Name of entity	Country of Incorporation	Ownership Interest	Ownership Interest
		% 2021	% 2020
PE QIQ Holding II Limited*#	England & Wales	74.1	74.1
PE QIQ Holding III Limited*#	England & Wales	100	100
Project Quill Holding Limited*	England & Wales	100	100
Project Quill I Pty Limited	Australia	100	100
Project Quill II Pty Limited*	Australia	100	100
Project Quill III Pty Limited*	Australia	100	100
Project Quill IV Pty Limited	Australia	100	100
Winc Australia Holdings Pty Limited*	Australia	100	100
Winc Australia Bid Company Pty Limited*	Australia	100	100
Winc Australia Pty Limited	Australia	100	100
The Educational Experience Pty Limited*	Australia	100	100
Project Inkquill I Pty Ltd	Australia	100	100
Project Inkquill (NZ) I	New Zealand	100	100
OfficeMax Holdings Limited	New Zealand	100	100
Croxley Stationery Limited	New Zealand	100	100
OfficeMax New Zealand Limited	New Zealand	100	100
New Zealand Office Products Limited*	New Zealand	100	100
OfficeMax International Pty Limited	Australia	100	100
OfficeMax Australia Limited	Australia	100	100
Milford Global Pty Ltd	Australia	100	100

* Indicates the subsidiary is a dormant entity, a holding entity or an employee share plan trustee company.

Indicates the subsidiary company is entitled to exemption from audit under section 479a of the Companies Act 2006. No members have required these subsidiaries to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

Note 24: Investments in Subsidiaries (continued)

Details of the Group's material subsidiaries registered office at the end of the reporting period are as follows:

Name of entity	Registered Office
PE QIQ Holding III Limited*	100 New Bridge Street, London, United Kingdom, EC4V6JA
Project Quill Holding Limited*	100 New Bridge Street, London, United Kingdom, EC4V6JA
Project Quill I Pty Limited	Tower One - International Towers Sydney, 100 Barangaroo Avenue, NSW, 2000, Australia
Project Quill IV Pty Limited	Tower One - International Towers Sydney, 100 Barangaroo Avenue, NSW, 2000, Australia
Winc Australia Holdings Pty Limited*	163 O'Riordan St Mascot NSW 2020, Australia
Winc Australia Bid Company Pty Limited*	163 O'Riordan St Mascot NSW 2020, Australia
Winc Australia Pty Limited	163 O'Riordan St Mascot NSW 2020, Australia
The Educational Experience Pty Limited*	163 O'Riordan St Mascot NSW 2020, Australia
OfficeMax International Pty Ltd	163 O'Riordan St Mascot NSW 2020, Australia
OfficeMax Australia Limited	163 O'Riordan St Mascot NSW 2020, Australia Building 3, Level 1, 658 Church Street Richmond Victoria 3121
Milford Global Pty Ltd	
Project Inkquill I Pty Limited	Tower One - International Towers Sydney, 100 Barangaroo Avenue, NSW, 2000, Australia Australia
Project Inquill (NZ) I	Level 22, Vero Centre, 48 Shortland Street, Auckland 1010 New Zealand
OfficeMax Holdings Limited	30 Sir Woolf Fisher Drive East Tamaki, Auckland 2013 New Zealand
Croxley Stationery Limited	30 Sir Woolf Fisher Drive East Tamaki, Auckland 2013 New Zealand
OfficeMax New Zealand Limited	30 Sir Woolf Fisher Drive East Tamaki, Auckland 2013 New Zealand
New Zealand Office Products Limited*	30 Sir Woolf Fisher Drive East Tamaki, Auckland 2013 New Zealand

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of entity	Country of Incorporation	2021	2020
PE QIQ Holding II Limited*	England & Wales	25.9%	25.9%
Accumulated balances of material non-controlling interest		2021 \$'000	2020 \$'000
PE QIQ Holding II Limited*		(27,777)	(28,867)

*Indicates the subsidiary is a dormant entity, holding entity or an employee share plan trustee company.

Note 25: Financial instruments – fair values and risk management

Financial risk management objectives

The Group's principal financial instruments comprise bank loans and other borrowings and cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and payables, which arise directly from its operations.

The Group's principal financial instruments comprise cash and short-term deposits, receivables, payables, interest bearing liabilities, and other financial liabilities. The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk.

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, credit risk and foreign currency risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses long-term debt finance.

Interest rate risk

The Group is exposed to interest rate risk because the entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Foreign currency risk

The Group is exposed to currency risk on foreign currency risk mainly on borrowings denominated in a currency other than the functional currency of the respective group risk. The major currency giving rise to currency risks is the US dollar. However the borrowings in US dollar is long term, only interest is paid monthly.

Note 26: Subsequent events

No matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Note 27: Contingent Liabilities

The Group is subject to litigation in the ordinary course of operations. The Group does not believe that it is engaged in any legal proceedings for which provision has not been made which would be likely to have a material effect on its business, consolidated statement of financial position or consolidated statement of profit or loss.

Note 28: Auditor's Remuneration

The auditor of the Group is Ernst & Young LLP United Kingdom

	2021 \$'000	2020 \$'000
Amounts received or due and receivable by Ernst & Young LLP or its affiliates for:		
An audit of the financial report of the entity and any other entity in the consolidated group	904	903
Other services in relation to the entity or any other entity in the Group		
Tax compliance	604	906
Total auditor's remuneration	1,508	1,809

PE QIQ Holding Limited
Separate Financial Statements
Company statement of financial position

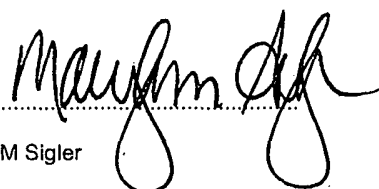
		2021 \$'000	2020 \$'000
Assets			
Non-current assets			
Fixed asset investments	30	64,544	48,720
		64,544	48,720
Total assets		64,544	48,720
Liabilities			
Current liabilities	31	933	792
		933	792
Total liabilities		933	792
Net assets		63,611	47,928
Issued capital and reserves attributable to owners of the parent			
Share capital	32	64,538	48,714
Retained deficit		(927)	(786)
Total equity		63,611	47,928

Profit for the year

As permitted by Section 408 of the Companies Act 2006 the Company has elected not to present to present its own profit loss account for year. PE QIQ Holding Limited reported a loss for the period ended 25 December 2021 of \$141,000 (2020: \$690,000 loss).

The only employees of the Company are the Directors who are not remunerated through the Company.

The financial statements on were approved and authorised for issue by the board of directors and were signed on its behalf by:

WRB 

M Sigler

Director

Date: 13 April 2022

PE QIQ Holding Limited
 Separate Financial Statements
 Company Statement of Changes in Equity

	Share Capital \$'000	Retained deficit \$'000	Total Equity \$'000
As at 29 December 2019	38,256	(96)	38,160
Comprehensive loss for the period			
(Loss) for the period	-	(690)	(690)
Total comprehensive loss for the period	-	(690)	(690)
Contributions by and distributions to owners			
Contribution of equity	10,458	-	10,458
Total contributions by and distributions to owners	10,458	-	10,458
As at 26 December 2020	48,714	(786)	47,928
As at 27 December 2020	48,714	(786)	47,928
Comprehensive loss for the period			
(Loss) for the period	-	(141)	(141)
Total comprehensive loss for the period	-	(141)	(141)
Contributions by and distributions to owners			
Contribution of equity	15,824	-	15,824
Total contributions by and distributions to owners	15,824	-	15,824
As at 25 December 2021	64,538	(927)	63,611

Note 29: Significant accounting policies

Please refer to Note 2 for full details of the Company's incorporation, registered office, operations and principal activity.

Please refer to Note 23 regarding the Company's ultimate controlling party.

The separate financial statements of the Company are prepared as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS101 (Financial Reporting Standard 101) Issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS101 (Financial Reporting Standard 101) 'Reduced disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS101, the Company has taken advantage of the disclosure exemptions available under that Standard in relation to share-based payments, financial instruments, capital management, presentation of a cash flow statement and certain related party transactions. Where required, equivalent disclosures are given in the Group financial statements except as noted below. These have been applied consistently throughout the year.

Note 30: Fixed asset investments

Fixed asset investments in subsidiaries and associates are shown at cost less provision for impairment.

	25 December 2021 \$'000	26 December 2020 \$'000
Assets Cost		
Opening	48,720	38,262
Additions	15,824	10,458
Closing	64,544	48,720
Net book value	64,544	48,720

Details of the principal subsidiaries can be found in Note 21 of the Consolidated financial statements of the Group.

Note 31: Trade and other payables

	25 December 2021 \$'000	26 December 2020 \$'000
Trade and other payables		
Other payables	933	792
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	933	792
Total current portion	933	792
Total non-current position	-	-

Note 32: Share capital

Details of share capital are included in Note 21 of the Consolidated financial statements of the Group.

Note 33: Subsequent Events

Details of events after the reporting date are included in Note 26 of the Consolidated financial statements of the Group.